

with their subsidiaries, Bermuda insurance companies operating in the United States are using their U.S. subsidiaries to send U.S. insurance premiums out of this country and into Bermuda, where interest can be earned on the premiums tax-free. By sending the premiums offshore, the U.S. subsidiary of the Bermuda parent is able to reduce the amount of its income in the United States and, accordingly, reduce its U.S. taxes. Comparable U.S.-owned insurance companies cannot operate in the same way and, as a result, operate on an uneven playing field. Legislation has been developed to correct this inequity and level the playing field for U.S. property and casualty insurers. The Joint Committee on Taxation last year estimated the bill seeking to close this tax haven loophole would produce about \$700 million over ten years.

These are not the only tax haven abuses we need to address; there are others. We need to eliminate tax breaks for U.S. taxpayers that do business in uncooperative tax havens that fail, in the judgment of the U.S. government, to provide information needed in U.S. tax enforcement efforts. Since the 9/11 tragedy, the importance of financial transparency and cooperative information exchange among international law enforcement agencies has increased, not only to fight money laundering and other crimes, but also to understand financial transactions that may involve tax evasion or other illegal conduct. But a handful of tax haven jurisdictions continue to employ secrecy laws that impede U.S. tax enforcement or provide lackadaisical or ineffective responses to U.S. requests for information needed in criminal and civil tax matters. Legislation has been developed that would restrict the tax benefits that a U.S. taxpayer could claim from business transacted in one of these uncooperative jurisdictions. This legislation would produce not only new tax revenues, but also a powerful incentive for the targeted jurisdictions to reform their abusive policies. The funds that would be raised by such a provision are not included in the \$4.7 billion at issue in this amendment due to our inability to obtain a timely revenue estimate, but this tax haven issue—and others like it—need to be addressed.

We should use half of the \$4.7 billion that would be raised by closing the inversion and Bermuda reinsurance loopholes to reduce the deficit and increase our commitment to education, which has been underfunded in this budget resolution. The budget resolution proposes funding that is almost \$10 billion below the 2004 amount authorized in the No Child Left Behind Act, and includes funding levels that will reduce funding for after school centers and eliminate over 40 education programs, including programs relating to rural education, school counselors and teaching standards. It also would provide no funds for school modernization and

construction grants and reduced funding for Teacher Quality State Grants, resulting in fewer teachers receiving the high-quality training they need.

This amendment would increase education funding by over \$2 billion over ten years, and proposes that the funds be evenly divided between special education programs, afterschool programs and school construction and modernization.

The increased funding for special education will help to ensure that more students with disabilities get the public education they deserve, and that school districts will have additional funds to provide needed services without dipping even further into their general education budgets. School superintendents, school board members, teachers and parents in my state of Michigan and all across America have attested to the fact that the shortfall in federal support has placed a severe strain on local education budgets. It is clear that additional resources are necessary to help provide a quality education to all special needs children.

Additional funds are also necessary to support after-school programs. The development of our nation's children does not start and end in our nation's classrooms. It is important to give all children safe, enriching environments in which they can spend their time when the school day ends. Juvenile crime hits its peak after children leave school and before their parents arrive home. Between 5 and 15 million children have nowhere to go after school. Research indicates that between the hours of 3 and 7 p.m., children are more likely to engage in at-risk behavior, including abusing drugs or alcohol or engaging in sexual activity, or become the victims of crime. 21st Century Community Learning Centers provide after school educational, recreational, cultural, health and social services to youth in many communities. The additional funds in this amendment will help to ensure that we do not leave these children behind when the school day ends.

We also are faced with startling statistics about the state of America's public school facilities. Record enrollments and growing communities are causing severe overcrowding in many public schools. The average public school facility in America is over 40 years old. Approximately 46 percent of all public schools lack the electrical and communication wiring necessary to utilize today's computer systems and to prepare our children for today's technologically-based society. Recent surveys by the General Accounting Office and the National Council for Education Statistics, NCES, have placed cost estimates of school construction needs between \$112 billion to \$127 billion. Sixty to 70 percent of Michigan's schools reported having six or more insufficient technology elements. In this Congress and the last I supported grants and school bond tax provisions for the construction, rehabilitation, or

repair of school facilities. The additional funds this amendment provides will help to ensure that no student is denied access to the Internet because a school does not have the physical infrastructure to use computers or other technology.

Support for this amendment indicates support for three things—closing two egregious tax haven loopholes, increasing funding for education, and paying down the deficit. I urge my colleagues' support.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we do not rewrite the Tax Code in this bill. A lot of people have implied we do, but we do not. We have no objections to the amendment of the Senator from Michigan.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to amendment No. 372.

The amendment (No. 372) was agreed to.

Mr. LEVIN. I move to reconsider the vote.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I ask unanimous consent that Senator REID of Nevada be listed as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I yield to my friend and colleague from North Dakota to call up an additional amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I ask the Senator from Nevada if he is ready to consider his amendment.

Mr. REID. I am.

Mr. CONRAD. I yield to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada.

#### AMENDMENT NO. 341

(Purpose: To increase new budget authority and outlays for National Defense (050) in order to permit phased-in concurrent receipt of retired pay and veterans' disability compensation for veterans with service-connected disabilities rated at 60 percent or higher)

Mr. REID. Mr. President, the next amendment in order to be called up is No. 341.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 341.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in the RECORD of Thursday, March 20, 2003 under "Text of Amendments.")